SRI V. V. RAMASWAMI : பாபநாசத்தில் ஆரம்பிக்கவிருக்கும் காகித ஆலை தனியார் துறையைச் சேர்ந்ததா, அல்லது அரசாங்கத்தார் பகுதிக்கு ஒதுக்கப்பட்டதா ?

THE HON. SRI R. VENKATARAMAN : அது தனி நபர்களால் ஆரம்பிக்கப்படுவது ஆகும்.

DR. V. K. JOHN : Is there any proposal for starting a paper factory in any other place, Sir?

THE HON. SRI R. VENKATARAMAN : Well, the examination shows that there are potentialities and possibilities for opening the factory in Tirunelveli district, in the Nilgiris, in Bhavanisagar and in a number of other places and the Government have invited private entrepreneurs to take up this work.

SRI A. SUBRAMANYAM : சேலம் ஜில்லாவிலுள்ள பெண்ணுகரத்திலும் ஹஸூரிலும் காகிதம் செய்வதற்கு அவசியமான பொருள்கள் நிறையக் கிடைப்பதால் அங்கு காகிதத் தொழிற்சாலையை ஏற்படுத்துவதற்கு அரசாங்கம் முன்வருமா ?

THE HON. SRI R. VENKATARAMAN : இது தனியார் துறையில் எடுத்துக்கொள்ளப்படவேண்டிய விஷயம். அதற்கு வேண்டிய சலுகைகளைத் தனி நபர்கள் கேட்டால் சர்க்கார் எல்லாவிதமான உதவியும் செய்யும்.

SRI MOHAMED RAZA KHAN : I think the Hon. the Minister for Industries is aware of the fact that practically we have no paper factories in our State. In case the Private Sector does not come forward to start such a factory, may I know whether there is any proposal before the Government to start it themselves?

THE HON. SRI R. VENKATARAMAN : Not at present, Sir.

DEPUTY CHAIRMAN : Question No. 3 will be taken up on Monday. Questions are over.

### IV.—ANNOUNCEMENT BY THE DEPUTY CHAIRMAN *RE* MESSAGE FROM THE ASSEMBLY.

DEPUTY CHAIRMAN : I have to announce to the House the following message, dated 27th June 1957, received from the Hon. the Speaker, Madras Legislative Assembly, addressed to the Hon. the Chairman, Madras Legislative Council :—

"In accordance with rule 114 of the Madras Assembly Rules, I transmit a copy of the Madras Electricity Undertakings (Acquisition) Amendment Bill, 1957 (L.A. Bill No. 2 of 1957), as passed by the Assembly on the 27th June 1957 and signed by me, for the concurrence of the Council."

### V.—GOVERNMENT BUSINESS.

### PRESENTATION OF THE BUDGET FOR THE YEAR 1957–58.

4-10 p.m. THE HON. SRI R. VENKATARAMAN : Sir, I have the honour to present to this House the Revised Budget Estimates for 1957–58. Printed copies of the speech[a] of the Finance Minister in the Assembly are with hon. Members, and that document explains the Budget proposals for the year. I shall not cover the ground with him, but shall make a few general observations.

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[a] Printed as Appendix on pages 16–94 infra.

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2. The Budget anticipates a revenue of Rs. 56·49 lakhs on existing taxation and an expenditure of Rs. 61,32 lakhs on the Revenue account, leaving a deficit of Rs. 4,83 lakhs. New taxes have been proposed to fetch an additional revenue of Rs. 1,50 lakhs in the current year, but the final deficit of Rs. 3,33 lakhs is still large. The reasons for this imbalance are not far to seek. We are stepping up the tempo of the various development schemes included in the Plan, as explained in the Budget speech. The total outlay on the Plan in the Budget is expected to be Rs. 32 crores, of which about rupees ten crores will be on the Revenue account. The expenditure on schemes in the Plan is in addition to the cost of maintaining all the existing development services at the present level and, therefore, we have to tap fresh resources to meet the new expenditure. We are getting some measure of Central assistance on these schemes, but the balance which is substantial will be a charge on State revenues. We have recently increased the emoluments of low-paid public servants at a cost of about rupees four crores, and the full impact will be felt during this year. The Budget also provides for an enhancement in the dearness allowance of village establishments.

3. The gap in the revenue account should have been larger but for the rigorous pruning which has been effected in the estimates of departments on non-development expenditure. This process will be continued during the course of the year and it is now proposed to appoint a Special Officer to work under the immediate supervision of a Committee of the Cabinet, to scrutinize the staff requirements of the various departments and to eliminate waste and non-essential expenditure. The findings of this body will be implemented then and there, and we may hope to effect some savings this way.

4. The real case for the large deficits in the Budgets of all States is the fact that under the Constitution, it is the responsibility of the State Government to provide the people with the basic needs such as elementary education, medical assistance, drinking water-supply, agricultural facilities, rural communications, etc. The taxable resources of the State Government are practically the same as in the pre-Independence period and most of them have been already stretched to the point of diminishing returns. Taxation of the growing industrial wealth is within the Central sphere and unless we are given a fair share of this, we may not be able to discharge our growing responsibilities adequately. The Finance Commission has taken due note of our representations and let us hope that the Award of the Commission will meet our case satisfactorily and enable us to cover the present deficit.

5. The wide publicity we have been giving to the National Plan has made the people increasingly conscious of their needs and rights. Even though we have been spending enormous sums on Welfare Schemes in recent years, large sections of the people, especially in the countryside, are still without the elementary amenities of life

such as drinking water, village communications and educational facilities. We have to provide these in quick time and, therefore, the present generation has no escape from mounting additional taxation. The enhancement of general sales tax from 1–9/16 per cent to 2 per cent, as proposed in the Budget, can only be considered as a rationalization of the system in the light of the new decimal coinage. The reduction of this tax to 1 per cent on foodgrains goes some way towards meeting the largely voiced demand for the abolition of the levy on foodstuffs and will bring in a measure of relief to the consumer. In this connexion, I may observe that the Government are well aware of the criticism levelled against the present system of levy of sales tax obtaining in this State. Hon. Members have taken note that we have recently passed a legislation changing over from the multi-point to the single-point system in respect of certain commodities. The question of substituting an Excise Duty at source in lieu of sales tax on mill cloth, sugar and tobacco is now pending consideration, and if this proposal goes through, there will be considerable relief to large sections of dealers. We should keep in mind that sales tax is our main source of revenue and, therefore, any change in the present system must adequately safeguard existing revenues. The Government are considering the matter afresh and have requested Dr. P. S. Lokanathan, Director-General of the National Council of Applied Economic Research, to go into all aspects of our sales tax administration and to suggest reforms to simplify the procedures. Let us hope that he would show us a way for minimising the hardships to the trade and improving the revenue to the State.

6. On the Capital side of the Budget, adequate provisions have been made for all schemes according to the present rate of their progress, and the total allotment is about Rs. 24 crores. But we do not at present have in sight all the resources for implementing this programme. Prospects of raising a public loan on the lines of our effort in previous years are not bright, and, therefore, we have decided not to enter the open market. We shall have to make a special effort on Small Savings to cover the gap in resources to the extent practicable. The material increase in industrial production and agricultural prices has resulted in some rise in the incomes of industrial labour of smaller agriculturists and we must devise some means to enable them to save a portion of their earnings for their own benefit and benefit of the State. The realization from this source in the current year may not be substantial but this may grow in due course as the savings organization gets into gear. For the balance of our Capital requirements for the year, we have to depend on additional Central assistance.

7. It is indeed true that we are in immediate difficulties about balancing the Budget both on the Capital and on the Revenue sides but we need not be unduly perturbed over this situation. We have had such difficulties every year at Budget time, but have surmounted them. These difficulties arise from our anxiety to implement as large a programme as possible for improving living conditions and would not have been there if we had decided on a less ambitious

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programme. So far we have borrowed about Rs. 98 crores from the Government of India and the general public. But we have invested all these moneys on productive Capital Works, about Rs. 60 crores on Electricity and Rs. 40 crores on Irrigation Works. We have lent about Rs. 25 crores to agriculturists and public bodies and also hold securities worth about Rs. 12 cores in various Depreciation Funds. The book value of our Capital Assets is thus very much in excess of our Public Debt. Our present budgetary difficulties are only a passing phase and need not alarm any one about our inherent financial stability. We have made substantial investments in the past, and made them wisely too.

With these remarks, Sir, I present to this House the Budget Estimates for 1957–58.

DEPUTY CHAIRMAN : The House will now adjourn and meet again at 3 p.m. on Monday, the 1st July 1957.

The House then adjourned.

VI.—PAPERS LAID ON THE TABLE OF THE HOUSE.

51. *Notification issued with G.O. No.* 1037, *Revenue, dated* 1*st March* 1957, *amending Schedule II of the Notification No.* 278, *dated* 24*th June* 1953, *extending the Tanjore Tenants and Pannaiyal Protection Act,* 1952, *to certain areas of the South Arcot district.* [*Laid on the table of the House under section* 16 (2) *of the Tanjore Tenants and Pannaiyal Protection Act,* 1952.]

* 52. *Notification issued with G.O. No.* 563, *Revenue, dated* 5*th February* 1957, *amending rule* 6 (4) (c) *of the Madras General Sales Tax Rules,* 1939, *enabling payment of licence fees by a crossed demand draft or crossed postal order also.* [*Laid on the table of the House under section* 19 (6) *of the Madras General Sales Tax Act,* 1939.]

53. *Notification issued with G.O. No.* 4015, *Revenue, dated* 3*rd November* 1956, *adding new rule No.* 11 *regarding collection of process fees by the Revenue Divisional Officer to the Madras Cultivating Tenants Protection Rules,* 1955. [*Laid on the table of the House under section* 7 (2) *of the Madras Cultivating Tenants Protection Act,* 1955.]

54. *Notification issued with G.O. Ms. No.* 953, *Public (Services-A), dated* 21*st March* 1957, *amending the regulations of the Madras Public Service Commission so as to exclude from the Commission's purview the post of Editor of Indian Law Reports.* [*Laid on the table under Article* 320 (5) *of the Constitution.*]

* 55. *Notification issued with G.O. Ms. No.* 881, *Revenue, dated* 23*rd February* 1957, *exempting from sales tax all sales of furniture effected by the Madras Discharged Prisoners Aid Society, Madras.* [*Laid on the table under section* 19 (6) *of the Madras General Sales Tax Act,* 1939.]

* **Sent by post on 23rd May 1957.**